System of nominating directors by ICICI

5265. SHRI GUNDAPPA KORWAR: Will the Minister of FINANCE be pleased to state:

(a) what is the normal system of nominating Directors by ICICI in various financially assisted units in the private sector;

(b) the details of the conventions and system of nominating Directors in private units;

(c) whether such system has been violated at times; and

(d) what are the circumstances where ICICI does not stick to such norms and normal conventions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V CHANDRASHEKARA MURTHY): (a) and (b) The Industrial Credit and Investment Corporation of India (ICICI) has reported that it appoints nominee directors on the Boards of assisted companies having regard to all relevant aspects including the extent of financial assistance extended by it. Nominee directors may be appointed by ICICI on the Boards of assisted companies where ICICI is the lead institution. In case of 'non lead' companies, nominees are appointed in consultation with the lead institution. Such appointment is subject to ICICI having right to appoint a nominee director on a negotiated basis as part of the agreement with the assisted companies. ICICI also reviews the nominations periodically and based on the review, ICICI may decide to substitute, withdraw or continue the nominee director.

(c) and (d) ICICI has reported that there has been no such case.

Rehabilitation packages for sick PSUs

5266. SHRI O.P. KOHLI:
MISS SAROJ KHAPARDE:

Will the Minister of FINANCE be pleased to state:

(a) whether the Indian National Trade Union Congress has opined that the new RBI norms asking the banks to reduce reliefs and concessions for financing rehabilitation packages for sick PSUs would impose additional financial burden on sick units, making their recovery chances bleak; and

(b) if so, the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V CHANDRASHEKARA MURTHY): (a) and (b) Yes, Sir. Reserve Bank of India (RBI) has reported that its guidelines on interest rates for various facilities under rehabilitation packages in respect of non small scale industrial (SSI) sick/weak industrial units were last revised in December 1991. These rates were prescribed at fixed percentage points below the prevailing maximum lending rate for banks, obviating the need for changing the parameters whenever there was a revision in lending rate on advances. Subsequent to issue of circular in this regard on 06.12.1991, significant developments had taken place. These inter alia, included lowering of the minimum lending rate of banks, reduction in period of identifying sickness, revision in the definition of weak non SSI unit, abolition of minimum lending rate and introduction of prime lending rates by banks. Keeping in view these developments, RBI has made changes in the requirements of promoter's contribution and in its parameters on interest rates for various facilities under rehabilitation packages, inter alia including working capital advances, funded interest term loan, working capital term loan and fresh rehabilitation term loan.